

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 521 - HB 760

March 4, 2023

SUMMARY OF BILL: Waives the fee for a lifetime enhanced handgun permit for retired veterans of the United States Armed Forces who are residents of Tennessee.

FISCAL IMPACT:

Decrease State Revenue –

Up To \$109,700/FY23-24 and Subsequent Years/Handgun Division

Other Fiscal Impact – To the extent that the required modifications to the Department of Safety’s A-List system can be accomplished within available resources provided under the current vendor contract, the modifications will not result in an increase in state expenditures. Otherwise, those modifications could result in an additional one-time increase in state expenditures of up to \$58,000 in FY23-24.

Assumptions:

- The Department of Safety (DOS) currently provides a discount to military service members for lifetime enhanced handgun permits. The cost to these individuals for this permit is \$265.
- From the \$265 fee, \$15 is allocated to the applicable sheriff’s department for the purpose of verifying the truthfulness of the applicant’s answers; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$37.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation fingerprint background checks.
- Therefore, the revenue that accrues to the DOS after these allocations is normally \$197.85 [$\$265 - (\$15 \text{ sheriff} + \$15 \text{ TBI} + \$37.15 \text{ TBI})$].
- Because the background checks will still need to occur, it is assumed that the DOS will still need to provide the various allocations to those entities.
- This means that in addition to the \$197.85 the DOS will forfeit, it will also be responsible for the allocations in the absence of fee revenue to cover those expenditures.
- In order to accurately capture the full fiscal impact to DOS, it is therefore assumed that the DOS will forfeit the entire \$265 fee.

- According to DOS, in FY21-22 the department issued 2,071 veteran discounts for handgun carry permits. It is assumed that this is the number that could be expected in future years.
- It is further assumed that 20 percent of those permits will be issued to retired members of the armed forces, or 414 permits (2,071 permits x 20%).
- The proposed legislation also eliminates the fee for this cohort to upgrade from an enhanced handgun permit to a lifetime enhanced handgun permit, which is less than the full fee charged for an initial application for a lifetime enhanced permit. It is assumed that an unknown number of the estimated 414 permits will be comprised of such upgrades and will represent a loss of revenue to the DOS less than the estimated \$265.
- Therefore, the recurring decrease in state revenue to the DOS's Handgun Division is estimated to be up to \$109,710 (414 permits x \$265) in FY23-24 and subsequent years.
- The proposed legislation will also require some changes to the DOS's A-List software system. As provided by the vendor, the estimated cost to implement these changes is \$58,000. It is assumed that these modifications can be accomplished by the vendor under the current contractual agreement without a need for additional expenditures; therefore, any fiscal impact to DOS related to the changes is estimated to be not significant.
- However, if the scope of work required by this and other legislation subsequently enacted exhausts the relevant contract provision, the proposed legislation could result in an increase in state expenditures up to an additional \$58,000 in FY23-24.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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